

CDBG Public Service Grants
FY 2007 Facts in Brief

- ❖ Gaithersburg is entitled to use up to 15 percent of its Community Development Block Grant (CDBG) award for public service grants. Therefore, with an FY07 CDBG award of \$465,538, Gaithersburg will have approximately \$70,000 available for CDBG public service grants in the upcoming year.
- ❖ If interested in applying for funding, please review this Fact Sheet, the Application Instructions, and the Application and **call Louise Kauffmann at (301) 258-6310 before completing the application.**
- ❖ Application materials are posted on the Community Development page of the City's Web site at **www.gaithersburgmd.gov**
- ❖ To request hard copies of application materials, call (301) 258-6310.
- ❖ Organizations may submit only one application for funding.
- ❖ The application deadline is **February 21, 2006 at 4:00 p.m.**
- ❖ Applicants must submit an original and three (3) copies of their application to:

Louise Kauffmann, Grants Administrator
City of Gaithersburg
31 South Summit Avenue
Gaithersburg, MD 20877-2098
- ❖ Only complete applications received by the deadline will be considered.
- ❖ Funds awarded will not be available until on or after July 1, 2006.
- ❖ If you have questions or need assistance, please call Louise Kauffmann at (301) 258-6310.

FY 2007 CDBG PUBLIC SERVICE GRANT FACT SHEET AND FUNDING POLICY

A. Introduction

Each year the City of Gaithersburg receives CDBG funds from HUD to provide programs and facilities that benefit primarily low- and moderate-income (LMI) City residents. The City received its first annual allocation as a direct recipient of CDBG funding in FY04.

Gaithersburg uses a competitive application process to make a portion of its CDBG funds available to nonprofit groups through public service grants. Eligible public service activities include programs related to housing, education, crime prevention, child care, health care, senior services, counseling, drug abuse prevention, mental health, welfare, and recreation.

The City anticipates significant competition for its CDBG public service funds this year. In accordance with HUD regulations, faith-based organizations are eligible for CDBG funding on an equal footing with any other organization. All applications will be assessed on their merits, without regard to an applicant's religious or secular character.

B. Background

Basic Requirements

With its CDBG award, Gaithersburg has an opportunity to fund activities that provide decent housing and a suitable living environment and that expand economic opportunities, principally for low- and moderate-income persons. Funds may be used to carry out a range of community development activities such as neighborhood revitalization, economic development, and community facilities and services.

Under CDBG regulations, the City may allocate up to 15 percent of its total CDBG award to nonprofit organizations for public service activities. Last year, the City received \$517,174 in CDBG funds and allocated 15 percent of the award to nonprofits for public service grants. In the upcoming year (July 1, 2006 to June 30, 2007), the City plans to allocate 15 percent (approximately \$70,000) of its \$465,538 FY07 CDBG award to public service activities.

National Objectives

According to Federal legislation and regulations, all CDBG-funded activities must meet specific national objectives. Public service projects must meet one of two broad national objectives: to benefit persons of low to moderate income (LMI) or to aid in the prevention of slums and blight. Each objective is described below.

LMI Benefit. Under this objective, public service activities must serve at least 51 percent LMI persons. To meet the objective, an activity must either include income eligibility

requirements limiting the activity to LMI persons or be located in an area inhabited by predominantly LMI residents. Programs that serve special needs populations, including the elderly or disabled, are usually considered to benefit LMI persons. HUD Income Limits vary based on family size and define LMI income for purposes of the CDBG program as follows:

HUD INCOME LIMITS* (Effective February 11, 2005)

Family Size	Low	Moderate
1	\$31,250	\$40,600
2	\$35,700	\$46,400
3	\$40,200	\$52,200
4	\$44,650	\$58,000
5	\$48,200	\$62,650
6	\$51,800	\$67,300
7	\$55,350	\$71,900
8	\$58,950	\$76,550

All income figures have been rounded to the nearest \$50.

Elimination of Slums and Blight. To meet this objective, an activity must be designed to address and ameliorate conditions causing slums and blight.

Additional Requirement: CDBG public service activities must provide a new or an expanded level of public service.

Ineligible Activities

The following activities are generally ineligible for CDBG funding:

- Construction of, or improvements to, general government buildings and schools.
- Routine operation, maintenance, and repair activities for public facilities.

C. City Policies and Priorities for Public Service Grants

Because requests for public service grants are likely to exceed available funds, the City established the following policies and priorities to guide its evaluation of applications:

Policies

- Applicants should review the application materials and contact the City before completing an application.
- An organization may submit only one application for CDBG funding.
- The City will not award CDBG funds to an organization for the same project for more than three years.
- Grantees who received funds in year one and/or year two are not guaranteed funding in year three.
- Grantees may only lease, not purchase, capital equipment with public service funds.

- The acquisition of land and the construction, acquisition, and/or rehabilitation of buildings are ineligible activities under the CDBG public service grant category. However, if you are considering these types of projects, please contact City staff because they may be eligible as capital projects under CDBG.
- All applications will be assessed on their merits, without regard to an applicant's religious or secular character.

Priorities

The City will give priority to projects that:

- Provide new/expanded services responding to critical, identifiable, and unmet needs.
- Emphasize long-term, innovative solutions that may serve as a catalyst for change.
- Benefit low- and moderate-income City residents.
- Empower those served by the project to reach their highest level of self-sufficiency.
- Help people with special needs improve access to and use of existing services.
- Include a clear plan of action consistent with the budget and demonstrate the applicant's capability to implement the proposed plan.
- Require a short-term funding and include detailed plans for permanent funding.
- Maximize the use of outside (i.e., non-CDBG or other City money) funds and services and are coordinated with other public and private efforts.
- Have clear goals and specific, measurable, and realistic evaluation criteria.
- Demonstrate applicant's ability to carry out the project through non-City funds.
- Support or are coordinated with other community development efforts.
- Include a reasonable, sound budget.
- Are implemented by organizations with a solid performance record.

D. Application Process

The City accepts applications for public service grants on an annual, cyclical basis. The **deadline date for submission of FY07 applications is February 21, 2006.** Applications submitted after the deadline will not be considered unless the application seeks emergency funding or represents a unique opportunity that cannot wait for the next application round. Such out-of-cycle requests are reviewed at the discretion of Gaithersburg's City Manager and only if funding is available. All applications are reviewed by City staff to determine eligibility.

Between February and April 2006, City staff will review applications and select projects to receive CDBG funds in FY07. Thereafter, the City's draft Action Plan, identifying such proposed projects, will be available for public review and comment for 30 days and the final Plan will be sent to HUD by mid-May 2006. At that time, the City will notify CDBG public service grant applicants of final funding decisions (pending HUD approval). CDBG funds will likely be available to grantees on or after July 1, 2006.

E. Contractual Requirements

Each public service grantee must enter a contract with the City. The City will prepare the contract and send it to the person identified by the applicant as the official authorized to

sign the contract. The contract will specify the amount of the award, the period for which the project is approved, the contract term, the scope of services to be provided, and any special conditions. It will also include administrative provisions and specify reporting and documentation requirements. The City will provide forms for the regular reports grantees are required to complete.

In order for the City to negotiate the agreement and disburse funds, grantees must:

1. Be private nonprofit organizations or faith-based organizations;
2. Obtain adequate insurance covering workman's compensation, bodily injury, property damage, and/or automobile liability, depending on the nature of the project;
3. Obtain any necessary licenses and comply with applicable federal, state, and municipal laws, codes, and regulations;
4. Comply with applicable nondiscrimination and equal opportunity laws; and
5. Comply with applicable uniform administrative requirements (24 C.F.R. §570.502).

F. Other Important Considerations

Eligibility. Before preparing an application, organizations should contact City staff to confirm that the proposed project is eligible for CDBG funding.

Readiness To Proceed. The City is committed to funding only projects that are ready to proceed immediately once funding becomes available and a contract is signed.

Time Limits. Under HUD time limits, grantees must be prepared to spend their funds in a 12-month period. If funds are not spent within this period, unspent funds may be recaptured. If necessary and for good cause, a 6-month extension may be granted.

Ongoing Funding. CDBG funds are not intended to be an ongoing source of funding. An organization may receive funding for the same program/activity for only up to three years. However, there is no guarantee that approved projects will receive funding in years two and three. In addition, organizations that do receive second- and third-year funds may receive a reduced level of funding.

Contingency Funding. Even if an application is successful, the City may recommend a lower level of funding than requested. Organizations, therefore, should develop a contingency plan to account for a lower-than-requested CDBG award.